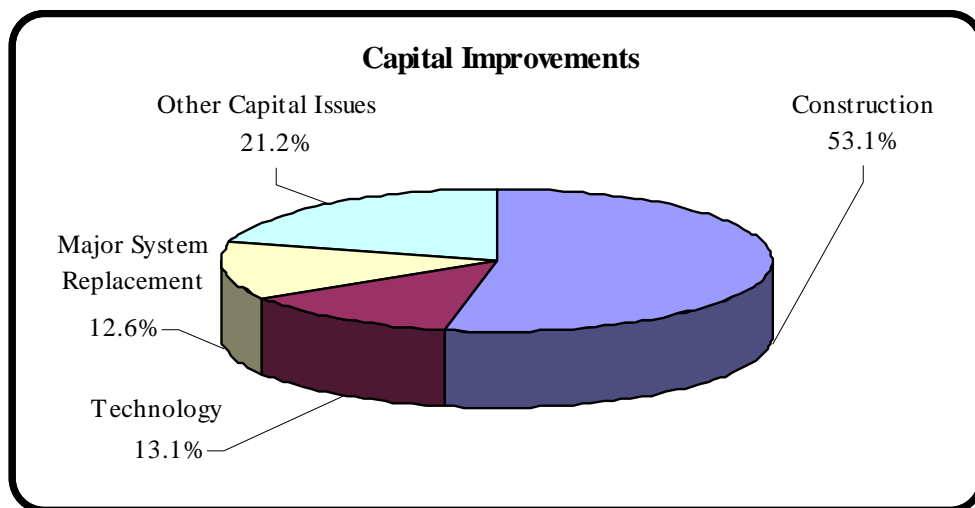


CAPITAL IMPROVEMENTS FUND

Construction	\$5,934,600
Technology	\$1,458,003
Major System Replacement	\$1,407,610
Other Capital Issues	<u>\$2,374,598</u>
	\$11,174,811



CAPITAL IMPROVEMENTS FUND

INTRODUCTION

The Capital Improvements Fund, including the Capital Improvements Program (CIP) of Fauquier County, is adopted by the Board of Supervisors as part of the budget process. The CIP is the largest element of the Capital Improvements Fund and includes projects and estimated costs for a five-year period. The first year of the adopted CIP becomes the budgeted element for the next fiscal year while the out year projects and costs are for planning and program development purposes only. The other part of Capital Fund deals with other major capital issues such as the replacement of motor vehicles and support of the Comprehensive Maintenance Plans that address facility repair projects less than \$50,000.

Fauquier County's Capital Improvements Fund approved projects for FY2004 are as follows:

CAPITAL FUND PROJECTS FOR FY 2004			
Department	Project Title	Source of Funding	FY 2004 Adopted
Construction/Renovation:			
Schools	C.M. Thompson Elem. Renovation	Bond Revenue	\$1,572,000
Schools	New Middle School - Auburn	Bond Revenue	\$4,227,000
<i>Subtotal</i>			\$5,799,000
Technology:			
County	Technology	General Revenue	\$238,703
Schools	Technology	State/General Revenue	\$1,219,300
<i>Subtotal</i>			\$1,458,003
Maintenance and Major System Replacement:			
County	Adult Det. Center, Circuit Court, Roofs	General Revenue	\$51,819
County	Marshall C.C., 78 Lee St. HVAC	General Revenue	\$21,700
County	Comprehensive Maintenance	General Revenue	\$274,000
County	Sheriff's Vehicle Replacement	General Revenue	\$337,400
County	Purchase of Land Development Rights	General Revenue	\$100,000
County	Water Testing	General Revenue	\$60,000
Parks & Rec.	Comprehensive Maintenance	General Revenue	\$120,000
Schools	Mary Walter, Coleman Elem. HVAC	State/General Revenue	\$525,000
Schools	Fauquier H.S. Student Lockers	State Revenue	\$230,691
Schools	P.B. Smith Elem. Water Connection	State Revenue	\$135,600
Schools	Roof Replacement/Repairs	General Revenue	\$578,400
Schools	Food Service Equipment	General Revenue	\$52,839
Schools	Minor Systems Replacement	General Revenue	\$52,839
Schools	Bus Replacement	General Revenue	\$400,000
Schools	Comprehensive Maintenance	General Revenue	\$496,688
Schools	Text Book Replacement	School Revenue	\$317,901
Schools	Middle School Reserve	General Revenue	\$162,931
<i>Subtotal</i>			\$3,917,808
TOTAL ALL CAPITAL FUND PROJECTS			\$11,174,811

The Fauquier County Capital Improvements Fund is designed to address and fund the construction or repair of public facilities, replacement of major systems (including vehicles) and technology issues.

CAPITAL IMPROVEMENTS FUND

CONSTRUCTION RESERVES

As part of the budget process a number of CIP requested projects were approved for funding in part or completely from existing Construction Reserves or General Fund Balance. The two Construction Reserves, School Division and General County Government, were established by the Board of Supervisors in FY 2002. Appropriations are from half of the unexpended, undedicated prior year fund balance. The following projects were funded from the Reserves:

• Bradley Elementary Parking	\$ 82,235
• Site Plan Revisions	\$ 43,000
• Middle School Tennis Courts	\$ 72,500
• Finance System Enhancements	\$ 20,000
• J.D. Payne Library Bldg, ADA Comp.	\$ 143,600
• County Roof Repair	\$ 43,881
• County HVAC Repair	\$ 60,000
• Fauquier High School Tennis Courts	\$ 187,000
• Fauquier High School Student Lockers	\$ 15,309
• Northern Region Pool	<u>\$ 665,869*</u>
Total	\$1,333,394

* An additional \$732,397 will be provided from the General Fund, Fund Balance. Total pool funding is \$1,398,266.

GENERAL

Capital improvements are considered to mean non-recurring projects of a fixed nature or long life, which provides new or additional public facilities or services. Project categories must have a minimum expected life span of twenty years for new construction, ten years for major systems replacement and five years for technology systems. Once funds are appropriated to the Capital Fund, the funds remain appropriated until the project is completed or the allotment is changed. Any change of funding between projects requires the recommendation of the Finance Committee and approval of the Board of Supervisors.

OPERATIONAL COSTS

Fiscal responsibility warrants an analysis of the financial impact of capital projects on operations. For this reason, Fauquier County analyzes all operating costs associated with capital expenditures in the Capital Improvements Fund. For FY 2004 several projects will result in increased operational costs while a number will produce operational savings or cost avoidance.

Projects resulting in higher operational costs:

<u>Project</u>	<u>Costs</u>	<u>Area of Costs</u>
New Middle School	\$2,890,015*	Staffing and all other costs

* Multi-Year project with full operational impact in FY 2005.

CAPITAL IMPROVEMENTS FUND

These projects produced operational cost savings:

<u>Project</u>	<u>Savings</u>	<u>Area of Savings</u>
Bus Replacement Plan	\$11,500	Repairs and fuel
Food Service Equipment	\$1,100	Repairs
Minor Systems Replacement	\$1,500	Repairs
Sheriff Vehicle Replacement	\$7,500	Repairs and fuel
HVAC Replacements	\$9,300	Utility Charges

This project will result in cost avoidance:

<u>Project</u>	<u>Area of Costs Avoidance</u>
Roof Replacement	Internal building structural damage
Comprehensive Maintenance Plans	Various depending on project

Most of the capital projects are concerned with replacement of older, less efficient systems and equipment or maintaining facilities. Any increase or decrease in operational costs related to Capital projects are typically included in the departmental budgets the year following the completion of the project.

CAPITAL IMPROVEMENTS PROGRAM

PLANNING

Planning and programming for capital projects consists of arranging the proposed improvements in a time schedule for construction so that services are provided in a coordinated manner, and that the funds are available. Future conditions are never wholly predictable, even for a short period of five years; therefore, provisions for yearly review and revisions to meet changing conditions are a necessary part of the program.

Capital Improvement Project requests are submitted to the Budget Office each year by the various departments and associated agencies of the County. A draft program is formulated and presented to the Capital Improvements Program Committee. This Committee is made up of the following members:

Citizen Member, Chairman of the Capital Improvement Program Committee

- Chairman of the Board of Supervisors *
- Chairman of the Planning Commission *
- Chairman of the School Board *
- County Administrator
- Director of Community Development
- Citizen Member, Cedar Run Magisterial District *
- Citizen Member, Lee Magisterial District *
- Citizen Member, with Finance expertise *
- Citizen member with Technology expertise *
- Citizen member with Construction expertise *

*Voting Members

CAPITAL IMPROVEMENTS FUND

CAPITAL IMPROVEMENTS PROGRAM

The Capital Improvements Program Committee reviews the CIP and evaluates the individual projects based on the following criteria:

- Legal Requirements
- Public Health, Safety, or Welfare
- Fiscal Impacts
- Community Economic Impact
- Community Goals and Objectives
- Public Support
- Extent of Service
- Related Projects
- Quality of Life
- Board of Supervisors' Objectives

The CIP is then recommended and forwarded by the Committee to the Planning Commission for review and recommendation to the Board of Supervisors. The Planning Commission is required to hold public hearings, as deemed necessary, on the proposed CIP. Once received by the Board of Supervisors the CIP is reviewed, a public hearing is held, final modifications are made, and the CIP is then approved as a five year planning guide. The Board of Supervisors approves funding for the first year of the CIP during its regularly scheduled Board adoption date for the entire County budget. During the budget process various methods of funding are used to support essential CIP projects.

OBJECTIVES AND ADVANTAGES

The objectives and advantages to Fauquier County of a capital improvements program are as follows:

1. Assists in the implementation of the Comprehensive Plan, particularly the Service District concept.
2. Lower costs are achieved by avoiding crisis financing, obtaining better interest rates and taking advantage of State and Federal loans and grants.
3. Real estate required for various improvements may be acquired in advance, when it is available and when the market price is favorable.
4. Untimely scheduling of public works is reduced.
5. The taxpayers may readily see the various capital items and costs involved which are proposed for their County.
6. The County Board of Supervisors and the citizenry are better protected from pressure groups attempting to force through "pet projects" at the expense of more worthwhile projects benefiting the entire County.
7. Public support, which is essential for the success of any program, is fostered due to the wide publicity that is given to the proposed capital improvements program.

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8. A means for scheduling capital expenditures is provided so that the County can maintain a sound financial position and a balanced program of bonded indebtedness.
9. Projects are planned on the basis of real need and the ability to pay.
10. Priorities for competing projects may be established on the basis of both need and cost.
11. The timing of public improvements is scheduled so that the County can make economic use of personnel and equipment.
12. Needed annual tax support and bond issues may be anticipated without causing erratic fluctuations in the tax rate, and bond amounts may be reduced and possibly even eliminated in the future.
13. By determining the amount and location of growth planned for the County, it is possible to create a basis from which to judge needs for capital expenditures. With proper planning, the County will be able to avoid the provision of services that are in excess of its capabilities.

POLICY GUIDANCE

The Board of Supervisors adopted the following policy guidance for the Administration, Financing, and Content of the Capital Improvements Program:

ADMINISTRATION

1. In accordance with 15.1-464 of the Code of Virginia, the Planning Commission shall prepare and revise annually a program of capital improvement projects.
2. The Departments of Finance, Management Analyst, Information Technology and General Services are designated as the primary offices responsible for formulation of the Capital Improvements Program.
3. All departments and agencies are requested to submit proposed capital improvement projects to the Budget Office in accordance with the established administrative procedures.
4. The Capital Improvements Program will be submitted so as to reflect the requests of all agencies even if scheduling is not included in recommended program.
5. The recommended Capital Improvements Program should be submitted annually to the Board of Supervisors' not later than the January Board of Supervisors' meeting.

FINANCING

1. The Capital Improvements Program will be formulated within the framework of the financial capability of the County of Fauquier. The following guides are currently used:

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- a. Annual debt service, as a percentage of annual general fund revenues, should not exceed 10 percent per year with fluctuations in any three-year period not to exceed 12 percent.
- b. 5 percent of annual general fund revenues should be targeted for capital expenditures.
2. The Budget Office will prepare the financial portion of the program.

CONTENT

1. The Capital Improvements Program will include all new or expanded physical facilities for the community, including large-scale replacement or rehabilitation of existing facilities, and major items of equipment.
2. Projects are to be non-recurring.
3. Land acquisition, engineering and architectural costs will be included as part of the capital cost.
4. The Capital Improvements Program report should contain the following:
 - a. A financial analysis to include projections of future revenues and expenditures.
 - b. Planning Commission recommendations to include recommended capital improvements, and summary of all Capital and Operational funds needed.

GOALS AND POLICIES

A set of definitive goals and policies is needed so that decisions on the expenditure of public funds for physical improvements can be made in a cohesive and logical manner. The need for these statements of goals and policies is important, not only to guarantee the wise and efficient placement of the public dollars, but also to let private entities and potential residents know what they might expect in the way of public expenditures and activity. It is also important to coordinate county activities with those developments occurring in the private sector and with other governmental units. These goals and policies also translate into the County's priorities and citizen pride in County accomplishments.

The County's goals and policies with respect to the CIP are listed below in order of importance:

1. SAFETY AND HEALTH

Fauquier County shall provide such facilities as are necessary for the minimum recognized level of protection of life and property. Higher levels of service are desirable if adequate resources are available.

2. EDUCATION

Fauquier County shall provide quality public education to all County residents through the County School System, the Cooperative Extension Services and the Virginia Community College System.

CAPITAL IMPROVEMENTS FUND

CAPITAL IMPROVEMENTS PROGRAM

3. ECONOMIC DEVELOPMENT

Fauquier County shall initiate those improvements that would lead to the preservation or creation of commercial, agricultural, and industrial development that maintain and improve the economic well being of the citizenry.

4. CULTURAL AND RECREATIONAL FACILITIES AT THE COMMUNITY LEVEL

Fauquier County should use every effort to provide cultural and recreational facilities to satisfy the range of needs within the community and provide the citizenry with a pleasing physical and mental environment in which to live.

5. SERVICE TO THE PUBLIC

Fauquier County should provide facilities that aid in the improvement of the general image of the County, and to increase levels of services providing either greater convenience or efficiencies to the public or their own governmental agencies.